

SUPPLEMENTAL

COUNCIL AGENDA: 08-16-05

ITEM: 5.3

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Sara L. Hensley

SUBJECT: SEE BELOW

DATE: 08-12-05

Approved

Date

8/12/05

Council District: Citywide

SNI Area: N/A

**SUBJECT: PROPOSED CHANGES TO THE PARKLAND DEDICATION AND
PARK IMPACT ORDINANCES AND THE ASSOCIATED FEE
RESOLUTION**

REASON FOR SUPPLEMENTAL

The Home Builders Association (HBA) has submitted a letter to the City Council requesting that the August 16 hearing on the proposed changes to the Parkland Dedication Ordinance (PDO) and the Park Impact Ordinance (PIO) be deferred. This memorandum provides information for the Council to consider in evaluating this request.

BACKGROUND

In their letter, the HBA has requested a deferral of the proposed action so that additional analysis can be completed prior to the proposed revision of the PDO/PIO. Specifically, they have requested that the City take five additional steps:

1. Update the San Jose Greenprint 2000;
2. Review current level of service/standards for parkland and park improvement;
3. Explain and summarize current methodology used to calculate the PDO/PIO fees;
4. Account for Park Trust Fund monies; and
5. Recapitulate (by Council District) current park infrastructure.

It is important to clarify that the action to be taken on August 16 **does not** include an increase to PDO/PIO fees. Staff concurs with the HBA that additional analysis is needed regarding the Park Trust Fund. To that end, the staff report recommends that fee increases to the PDO/PIO be deferred until after the reconciliation of the Park Trust Fund has been completed (scheduled to be completed by the end of the calendar year).

The August 16 action will be focused solely on the approval of language changes. These changes fall into two categories: 1) changes intended to provide greater flexibility in the use of PDO/PIO funds so that they may be used for trails, community gardens and school-site projects; and 2) changes that will increase the private recreational credits developers will be able to receive for private recreational amenities. The increase is intended to respond to input received through the Greenprint process as well as provide an incentive for developers to include private dog amenities, urban plaza areas, public gardens, private garden plots and multi-purpose stormwater detention and/or filtering areas that also can provide a recreational benefit as part of their development. As proposed, developers would be able to satisfy up to fifty percent (50%) of their parkland obligation by providing private recreational facilities.

San Jose Greenprint 2000

The Greenprint is the City's twenty-year strategic plan for parks, community facilities and recreational programs. To revise the document is both labor-intensive and costly. As part of the FY04/05 & FY05-06 budget process, the City Council directed that the revision of the Greenprint be deferred. Consequently, additional funding (approximately \$300,000) would be needed in order to advance this project.

Levels of Services/Standards (LOS) for Parkland and Park Improvements

The General Plan Service Level Objectives for neighborhood/community parks and neighborhood/ community elements of regional parks is 3.5 acres per 1000 population of which 1.5 acres must be City land and up to 2 acres can be school recreational lands. Under the PDO and PIO, the maximum acres that can be required from a Developer are 3.0 acres of raw land per 1000 population. Staff agrees with HBA that the City should count County parklands that provide recreational benefit to San José residents. This change will be made when the Greenprint is revised.

Methodology Used to Calculate the PDO/PIO Fees

In 1998, the PDO/PIO was amended to set fees based on 100% of land values. The intent of this change was to encourage developers to dedicate land in lieu of fees. In 2002, the Council set the fees at 70% of land values in order to lessen the impact of the rapidly escalating real estate market. This was intended to be a phased-in approach that would eventually allow for fees to be set at 100% of land values.

Under the current Ordinances, the land value per acre is divided by the number of housing type units to create one acre of parkland. For example, the PDO/PIO obligation for an 84 single family detached housing unit project in Berryessa (MLS #5) would be calculated as follows:

Formula	Example
MLS #5 70% of land value	70% of \$40 = \$28
# of Units x Person Per Household X Parkland Req. Population = Acres per Dedication	84 x 3.43 x .003 = .86 acres
(Value of Acre) x (# of sq. ft per acre) = Value of the Land	\$28 x 43,560 = \$1,219,680
Value of Land /#of Units per Housing Type to Create 1 Acre of Parkland = Fee for Single Family Detached Unit in MLS #5	\$1,219,680/97 (single family units - sfd) = \$12,550** Rounded down to nearest 50 (per 1990 Census data, 97 SFD units = 1 acre of parkland)
Fee for Single Family Detached Unit in MLS #5 x # of units	\$12,550 per unit x 84 = \$1, 054,200

If 100% of the 2004 land values were used, these same 84 units would generate:

Formula	Example
MLS #5 100% of land value (increase of \$5)	100% of \$45 = \$45
# of Units x Person Per Household X Parkland Req. Population = Acres per Dedication (increase in household density per census)	84 x 3.50 x .003 = .88 acres
(Value of Acre) x (# of sq.ft. per acre) = Value of the Land	\$45 x 43,560 = \$1,960,200
Value of Land /#of Units per Housing Type to Create 1 Acre of Parkland = Fee for Single Family Detached Unit in MLS #5	\$1,960,200/96 (single family units) = \$20,400** Rounded down to nearest 50 (per 2000 Census data, 96 SFD units = 1 acre of parkland)
Fee for Single Family Detached Unit in MLS #5 x # of units	\$20,400 per unit x 84 = \$1,713,600

If the City wants to aggressively pursue the acquisition of new parkland, the fees should be adjusted to reflect 100% of current land values. As this example illustrates, the impact to the City may be significant. For this hypothetical project, the use of 2001 land value data cost the City approximately \$659,400 in PDO/PIO fees.

The HBA's concern about the average cost of PDO/PIO fees must be balanced against the need of the City to ensure that it has the financial capacity to provide the quantity and quality of recreational facilities to support its neighborhoods.

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Park Trust Fund

PDO/PIO fees are collected and deposited into the Park Trust Fund. In order to use PDO/PIO funds, a proposed project must meet eligibility criteria and demonstrate a nexus to the project that originally generated the PDO/PIO funds. Each year, staff recommends projects for the use of PDO/PIO funds. Funds are then appropriated to individual projects as part of the budget process in the Park Trust Fund.

Not all funds are expended each year as many projects are multiple year efforts. As such, interest collected on this money. Over the years, significant interest has accumulated in the Park Trust Fund. Staff has been hired to conduct a reconciliation of the account. This is a labor-intensive process as the interest accrued must be aligned to the original project that generated the fees and a project with a nexus to these funds must be identified before they can be used. It is anticipated that this reconciliation will not be completed until the end of the calendar year.


While it is in the City's best interest to move as quickly as possible to adjust the PDO/PIO fee schedule, in light of the need to reconcile the Park Trust Fund, staff is recommending that action on the fee schedule be deferred until the account has been reconciled.

Current Park Infrastructure

This inventory of the City's park infrastructure will be updated when the Greenprint document is revised. In an effort to keep the Council apprised of the status of capital projects in their Districts, staff has provided regular briefings throughout the year as the budget has been developed as well as through the quarterly CIP status reports.

CONCLUSION

The revision of the PDO/PIO has been a long process that has incorporated input from a wide variety of stakeholders. While staff concurs with HBA's request that the adjustment of fees be deferred until the Park Trust Fund has been reconciled, it is strongly recommended that the proposed language changes be adopted on August 16. These changes were reviewed by the City Council in April and have had multiple opportunities for public input. Most importantly, however, these changes will provide the necessary framework to move forward Council priorities with respect to trail, joint ventures with schools and alternative recreational opportunities in the downtown core. It is recommended that they be adopted on August 16.


for SARA L. HENSLEY
Director of Parks, Recreation and
Neighborhood Services



OF NORTHERN CALIFORNIA

August 10, 2005

The Honorable Mayor Ron Gonzales
Honorable Members of the City Council
City of San Jose
200 East Santa Clara Street, 18th Floor
San Jose, CA 95113

**RE: Parkland Dedication Ordinance (PDO) Amendments and
Park Impact Ordinance (PIO) Amendments**

Dear Mayor Gonzales and Members of the City Council:

The Home Builders Association of Northern California is asking the City Council to postpone a vote set for next Tuesday, which will give the Council time to obtain the information it needs to make a satisfactory decision. A deferral of the discussion of amendments to the Parks Dedication Ordinance and the Parks Impact Ordinance will enable City Staff to complete its Parks Trust Fund Fees review and to provide the Council with additional information. This will permit you to make a comprehensive determination about parks requirements, standards, development goals and fees.

Furthermore, HBANC knows that City Staff is working hard to research and review funding sources for the development of parks and open space. The PDO/PIO issue is particularly important because the current average park fee for a detached single-family unit in San Jose is \$12,550. Interest rates are rising. Any additional constraints and exactions increase housing costs and reduce affordability of homes in San Jose. HBANC builders are confident that the City Council wants to balance its goals for the creation of new parks and public places with the economic realities of building costs and the need to provide a full range of housing opportunities for our community's residents.

In addition, HBANC suggests that before the City Council considers changes to the PDO / PIO Ordinances, the Parks, Recreation and Neighborhood Services (PRNS) Department needs time to complete the following actions, which will provide important information and insight into the uses, needs, and funding of City parks:

1. Update the San Jose Greenprint 2000;
2. Review current Levels of Service / Standards (LOS) for parkland and park improvement;
 - ☐ Count existing project trails and other active recreational elements as recreational facilities
 - ☐ Count existing recreational facilities on school lands and County Parkland that are within San Jose's urban limit line
3. Explain and summarize current methodology used to calculate the PDO/PIO fees
4. Account for Park Trust Fund monies: (1) itemize contributions; (2) compute interest on each contribution; (3) summarize funds spent; and, (4) delineate future allocations;
5. Recapitulate (by Council District) current park infrastructure, including: (a) operating parks; (b) parks under repair; (c) construction projects; (d) future parks (with proposed completion dates).

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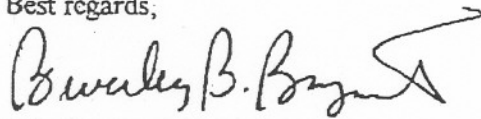
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In other words, HBANC believes that precise knowledge about the status of parks, plans, goals and funds will enable the Council to accurately make decisions about changes to the Parks Dedication and the Park Impact Ordinances and to establish an equitable Park Fees Structure.

In conclusion, HBANC offers to provide information or assistance to the Council and City Staff to ensure that the city's Parkland Dedication Ordinance and Park Impact Ordinance, Greenprint 2000, and Parks Level of Service Policy are reviewed and updated. These actions will permit a reasonable, understandable and fair imposition of Parkland Dedication requirements.

HBANC believes that the PRNS Department's data and analysis will ensure increased accountability and departmental oversight of the San Jose Parks Development Program. Together we will continue to create a vibrant and dynamic community that will enable San Jose's citizens to thrive.

Best regards,



Beverley B. Bryant, Ph.D.
Executive Director, Southern Division, HBANC

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